Government of Saskatchewan

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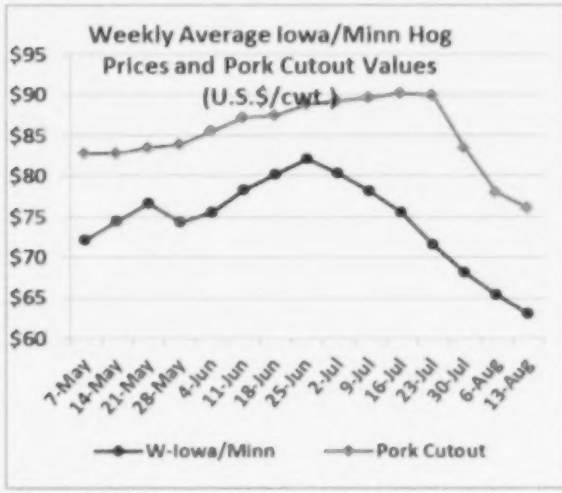
Weekly Hog Report

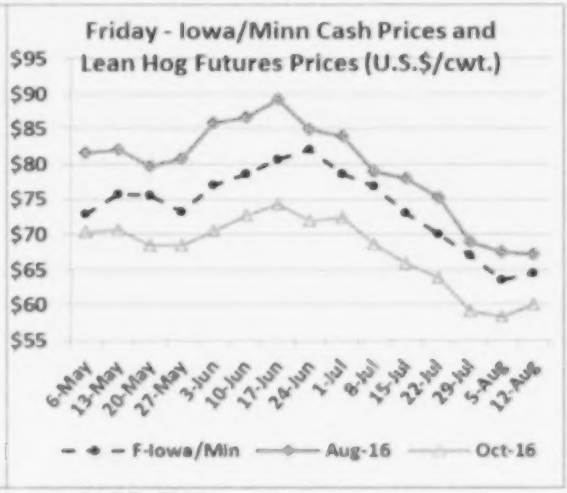
August 15, 2016

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) were lower early in the week before increasing Friday to end the week higher, week-over-week. Hog prices on Friday August 12 averaged US$64.49 per cwt, up US$0.91 per cwt or 1.4 per cent from US$63.58 per cwt the previous Friday. The negotiated base price last week averaged US$63.03 per cwt, down US$2.26 per cwt or 3.5 per cent from US$65.29 per cwt the previous week.



Source: LMIC



Source: LMIC, CME

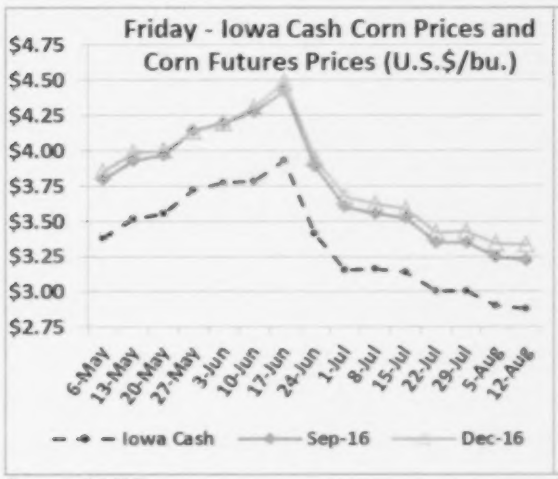
In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday August 12, 2016 was $149.56 per ckg, down $4.70 per ckg or 3.0 per cent from $154.26 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged $150.85 per ckg, down $7.02 per ckg or 4.4 per cent from the previous weeks' average price of $157.87 per ckg. The Canadian dollar rebounded last week closing Friday at 77.15 cents, up 1.19 cents from 75.96 cents the previous Friday.

Futures Markets

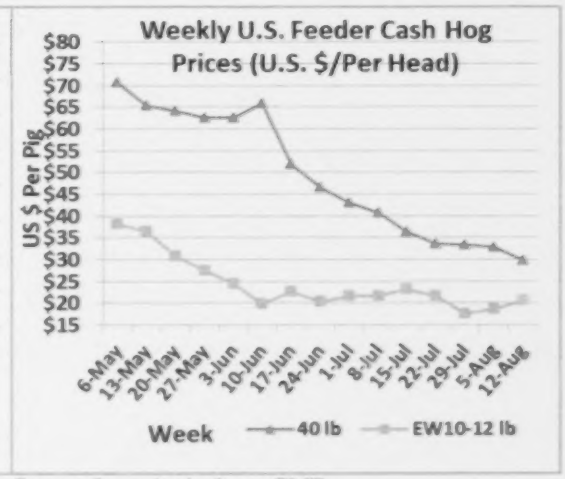
United States lean hog futures daily prices were mixed over the week and ended the week mixed, week-over-week. The nearby August contract edged US$0.300 per cwt lower to settle Friday at US$67.150 per cwt, while the October contract increased US$1.700 per cwt to settle Friday at US$60.00 per cwt. Lean hog futures prices were down significantly in July on expectations of higher and potential record hog supplies into the fall.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were mixed last week. Weighted average cash prices for iso-weans (12lb) last week were US$20.72 per head, up US$2.16 per head from US$18.56 per head the previous week. Feeders (40lb) averaged US$29.70 per head, down $3.10 per head from US$32.80 per head, the previous week. Both iso-wean and feeder pig prices were lower in July with feeders having the bigger losses.



Source: LMIC



Source: Iowa Agriculture, CME

U.S. corn prices continued to edge lower last week with smaller declines, week-over-week. Iowa cash corn prices declined two cents over the week to settle Friday at US$2.88 per bushel. The September 2016 corn futures contract also declined two cents per bushel to settle Friday at US$3.22 ¼ per bushel, while the December 2016 corn contract declined just over one cent to settle Friday at US$3.33 per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending August 13 were estimated at 2.236 million head, up 2.0 per cent from 2.193 million head the previous week, and up 1.0 per cent from 2.214 million head the same week a year ago. U.S. hogs slaughtered over the last four weeks ending August 13 averaged 2.190 million head per week, up 2.4 per cent from 2.139 million head the same period a year ago. U.S. hog slaughter numbers were higher in July helping to push slaughter hog prices lower.

In Canada, federal and provincial hog slaughter numbers for the shorter week ending August 6, 2016 were estimated at 365,018 head, down 8.3 per cent from 398,055 head the previous week, and down 9.4 per cent from 402,871 head the same week a year ago. Canadian hog slaughter numbers over the last four weeks averaged 390,739 head, down 3.8 per cent from 406,313 head over the same period in 2015. Year-to-date for 2016 hogs slaughtered in Canada totaled 12,497,704 head, up 1.2 per cent from 12,354,704 head the same period in 2015. In Western Canada, hogs slaughtered year-to-date for 2016 totaled 5,157,042, up 0.8 per cent from 5,115,200 head over the same period in 2015. (Source: Agriculture and Agri Food Canada/Canadian Food Inspection Agency)

Meat Production

U.S. pork production for the week ending August 13, 2016 was estimated at 465.7 million lb., up 1.6 per cent from 458.2 million lb. the previous week, and up 0.7 per cent from 462.3 million lb. the same week a year ago. Pork production over the last four week's ending August 13 was estimated to average 456.2 million lb., up 2.0 per cent from 447.5 million lb. over the same four week period a year ago.

U.S. beef production for the week ending August 13 was estimated at 476.6 million lb., down 0.5 per cent from 478.9 million lb. the previous week, but up 4.8 per cent from 454.6 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending August 6, 2016, was estimated to average 2.052 billion lb., up 4.1 per cent from 1.971 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2016 is estimated to be up 2.7 per cent compared to the same period in 2015.

United States Weekly Meat Production

(Aug. 6) Four Week Average - Million Lb.			Percent Change	
	2015	2016	4 Week	YTD 2016
Pork	441.2	450.6	2.1%	0.3%
Beef	442.1	483.7	9.4%	5.0%
Chicken	967.1	988.3	2.2%	2.7%
Turkey	120.6	129.7	7.5%	4.3%
Total	**1,970.9**	**2,052.3**	**4.13%**	**2.74%**

Source: LMIC

Cutout Values

U.S. national pork cutout values for the week ending August 13, 2016 averaged US$76.05 per cwt, down 2.5 per cent or US$1.92 per cwt from US$77.97 per cwt the previous week, and down 15.5 per cent from US$89.97 per cwt from the same week a year ago.

Choice beef cutout prices (600-900 lb.) for the week ending August 13, 2016 averaged US$200.54 per cwt over the week, up 0.9 per cent or US$1.83 per cwt from US$198.71 per cwt the previous week, but down 17.4 per cent from US$242.66 per cwt the same week a year ago.

Average chicken cutout values (breast) for the week ending August 13, 2016 averaged US$138.47 per cwt, up 4.2 per cent or US$5.62 per cwt from US$132.85 per cwt the previous week, but down slightly from US$138.73 per cwt the same week a year ago.

USDA World Agricultural Supply and Demand Estimates (WASDE)

On August 12, the USDA released the August World Agricultural Supply and Demand Estimates (WASDE). U.S corn acreage and yield for 2016/17 was significantly increased from the July estimates to record levels. Yield was increased from 168.0 bushels per acre in the July estimates to 175.1 bushels per acre for August; with total corn production estimates increasing from 14.540 billion bushels to 15.153 billion bushels. Corn usage and exports were also increased from July but ending stocks were still estimated to end 328 million bushels higher, compared to the July estimates. U.S. corn price estimates were reduced from the July estimates by twenty five cents per bushel to range from US$2.85 to US$3.45 per bushel.

USDA August World Agricultural Supply and Demand Estimates

		Million Pounds				Total Red Meat
	Quarter	Beef	Pork	Broiler	Turkey	& Poultry
2013	**Annual**	**25,720**	**23,187**	**37,830**	**5,806**	**93,333**
2014	**Annual**	**24,252**	**22,843**	**38,550**	**5,756**	**92,171**
2015	**Annual**	**23,698**	**24,501**	**40,048**	**5,627**	**94,630**
% Chg.	**2014-2015**	**-2.28%**	**7.26%**	**3.89%**	**-2.24%**	**2.67%**
2016	July	24,945	25,000	41,064	5,935	97,709
2016	**Aug. Proj.**	**24,962**	**24,907**	**40,996**	**5,985**	**97,610**
% Chg.	July-Aug/16	0.07%	-0.37%	-0.17%	0.84%	**-0.10%**
% Chg.	**2015-2016**	**5.33%**	**1.66%**	**2.37%**	**6.36%**	**3.15%**

Source: USDA August WASDE Report, August 12, 2016

The August USDA WASDE report revised the 2016 United States Red Meat and Poultry production slightly lower from July at 97.610 billion lb. United States meat production estimates for 2016 were still 3.15 per cent higher compared to production of 94.630 billion lb. in 2015. Leading the way in meat production increases in 2016 (by percent) are projected to come from turkey (+6.4%) and beef (+5.3%), followed by broilers (+2.4%) and pork (+1.7%). Pork production estimates for 2016 were estimated at 24.907 billion lb. in August, down 0.4 per cent from the July 2016 estimates. (Source: USDA WASDE)

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